

ADmits FRAUD IN INSURANCE CLAIMS

W. A. Herman Confesses to
Conspiracy and Names
Confederates.

"FIXED" BENEFICIARIES

Persuaded Many to Increase
Demands, Then Got Share
of Allowance.

William A. Herman, an adjuster of the State Industrial Commission, told yesterday of a conspiracy to share in the proceeds of claims against the State insurance fund, which had been increased at the suggestion of a man who worked with him. He implicated another employee and a former employee in his confession, which he said was made at the suggestion of a Catholic priest from whom he had been receiving instruction preparatory to accepting that faith.

The story was told under oath before Jeremiah F. Connor, who was appointed under the Moreland act by Gov. Smith to investigate the management and affairs of the Industrial Commission. It previously had been given at a private hearing. Yesterday the first public hearing was held at the City Hall and will be continued to-day. The examination of witnesses, who told how they had been approached by a man offering to get their claims boosted and paid in lump sums, was conducted by Miles M. Dawson, special counsel for Commissioner Connor. Mr. Dawson was connected with Charles E. Hughes in the original insurance investigation.

He Names Confederates.

A—Well, this arrangement was between one Harry Jacobson, Barney Wayneck and myself.

Q—Mr. Jacobson occupies what position?

A—He is listed as an underwriting clerk, but does claim work. The majority of these cases were handled by Mr. Wayneck, and whatever sums of money obtained was divided between himself, Jacobson and myself.

Q—Presumably?

A—Presumably.

Q—Do you remember the Thomas Murphy case?

A—I do.

Q—Did you intervene with the cashier to have that payment made at once?

A—The claimant was brought up to the cashier's office by Wayneck and I asked Mr. Fentis to get the check out for the claimant at that time.

Q—Did he demur about doing that?

A—He wanted to know what was the hurry, and I gave him the same excuse that was given by the claimant himself at the hearing at which time the amount was awarded to him. The statement was either made by the claimant or by a representative for the employer himself. I don't remember which, but the statement was to the effect that the claimant was to be married or had shortly been married and wanted the money to go housekeeping with.

Q—Did the cashier pay the check to Mr. Murphy?

A—Yes, sir.

Q—Did you receive any money from Mr. Wayneck in connection with the Murphy case?

A—I did.

Q—Do you recall the amount?

A—It was either two or three hundred dollars.

Q—Do you know what the arrangement was between Mr. Wayneck and Mr. Murphy?

A—Certain percentages of the amount the claimant received, which I believe was somewhere between a third and a half.

Mr. Herman testified that the same amount was handed to Jacobson by Wayneck some days later. He said Jacobson assisted him and took care of the cases he could not handle.

Wayneck was formerly employed by the commission as an interpreter and is now a claim adjuster for a bonding company, it was testified.

How They Operated.

Asked how the system between himself and Wayneck and Jacobson operated, Mr. Herman said either he or Jacobson told Wayneck about claimants. Wayneck went to see them and tried to make some sort of an arrangement.

"And if he got any of their money that was divided in three ways," Mr. Dawson asked.

"Exactly," was the reply.

Wayneck cashed the checks received for the claims and paid the claimant in cash, taking out the amount agreed upon.

"Do you know how Wayneck gets rid of these checks after he gets them?" Mr. Herman was asked.

"He cashes them with this man Fertie or through one Halperin at Far Rockaway and through one Hertz, a banker," Adam Pentz, cashier of the commission, testified that Herman brought Thomas J. Murphy to him for a claim check for \$1,945. Adam was with them, who was said to be Murphy's wife and it was said they wanted some of the money for their honeymoon. As it was against the rules to deliver a check to the claimant when accompanied by anyone outside the commission he sent a clerk out to see who else was in the hall. He found Wayneck there. He held up the check for a time, but finally paid it. He said the usual course was to pay claims by mail.

Mr. Herman acknowledged that he had written a letter to Murphy saying when the check would be ready and gave it to Wayneck to mail.

The testimony then went on:

Q. In this Murphy case, did you do anything to influence the commission in

fixing the amount which the man received, \$1,945.45?

A. That amount was based on the medical examination made by the medical staff of the commission.

Q. Did you have anything to do with framing that medical report?

A. No, sir. The award originally was made to be payable by weekly payments, and as I understood Wayneck spoke to one Mr. Shurway, who represented the Turner Construction Company. Shurway went to the presiding deputy at that time, one T. J. Curtila, and told him about this marriage story with the result that the amount was computed into one payment.

Murphy was put on the stand and asked how he had got the idea of a lump sum for his injury, which was a fractured wrist. He said the man who was presiding at the hearing asked him whether he wanted it in a lump sum or weekly payments.

"So I asked how much was coming to me," Murphy testified, "and he said 'never mind.' So I went outside and the party outside, whoever he was, told me how much was coming to me. So I went back and claimed the lump sum."

Before that some one had been to see him and asked how much he would give. He told his "fifty-fifty." Later he gave this man the check for \$1,800 and received \$900.

The witness was asked to pick out the man to whom he gave the check out of group photograph.

"They all seem to identify the same man as Mr. Wayneck's picture," remarked Commissioner Connor.

Catherine Bayerwalter testified in regard to a visit of a man to their home in connection with an injury received by her father.

"This man told us we were to go down to the Commissioner's office," she said, "and we were to close our case for a certain amount. He had asked me what I thought would be the amount, and I had thought \$500. He thought that was very little and suggested \$5,000. He said we would never receive it, but to ask for it any way."

She added that the man thought they might get \$2,500 if she claimed \$5,000 and wanted her to give him half of what they received over \$1,200. The claim was settled for \$3,000.

The statements of several other persons, which had been taken in private, were read into the record.

PISTOL CAPTURES SPEEDER.

Police Chauffeur, Gun in Hand, Traps Fleeing Driver.

Fred Cordes, a police chauffeur who drives the car used by John A. Leach, First Deputy Commissioner, appeared before Magistrate Miller in the Long Island City court yesterday as complainant against Nicholas Mathews of 121 Charles street, Manhattan, charged with speeding and disorderly conduct.

Cordes said he was driving to Police Headquarters in Brooklyn Tuesday night when Mathews went by him at a forty mile clip. Guiding his machine with one hand and holding a revolver in the other Cordes gave chase. Mathews finally slowed down, he said, after a threat to shoot, but became so abusive it was necessary to take him to the Hunters Point station.

Mathews told the court yesterday he didn't know Cordes was a policeman. He was fined \$50 for speeding and held in \$500 bail for examination September 24 on a charge of being abusive to an officer.

PALMER ON TRAIL OF MEAT TRUST

Continued from First Page.

large proportions to be a menacing factor to the people nearly all of the substitutes for meat which go upon the American table.

"When you realize that these same men control 40 per cent. of the eggs which are marketed in America and a like proportion of the butter and a larger proportion of the cheese and a sufficient proportion of the rice to dominate the market, when you know that they are largely in the wholesale grocery business and are so engaged in capturing the vegetable products of the country that they have that industry by the throat, you realize that this proceeding against the meat packer of Chicago is nothing short of a proceeding against a conspiracy to control the table of the American citizen. And that conspiracy will be broken up, my friends, if there is power enough left in the Government of the United States to do it."

OSCAR S. STRAUS IS MEAT PRICE BUFFER

Accepts Place on Committee to Explain Any Increases.

Oscar S. Straus agreed yesterday to represent the Fair Price Committee on its sub-committee of wholesale meat dealers. He will take part in the sub-committee's deliberations, and in case it is found necessary to report advances in wholesale meat prices he will explain to the public the reasons for the increases. Never before in the history of the wholesale meat industry has a representative of the public been admitted to the inner councils of the trade for the expressed purpose of keeping consumers posted as to economic influences responsible for a rise in prices.

Mr. Straus was invited to serve by Arthur Williams, Federal Food Administrator, for this city, and the invitation had the heartiest approval of W. H. Noyes, chairman of the sub-committee, who is vice-president of Swift & Co. His fellow members also favored it.

"I feel that the public will be much gratified to know that Mr. Straus has consented to serve in this capacity," said Mr. Williams.

Mr. Straus will meet with the sub-committee for the first time in Mr. Williams' office to-morrow afternoon at 3 o'clock.

Mr. Williams' demand that the public be entitled to know "why meat prices went up" resulted in the agreement of the wholesalers that the public should have a representative on the committee.

A total of 27,100 post cards to be franked through the mails on which members of Community Councils and cooperating organizations may check up prices of the Fair Price Committee's listed commodities in retail grocery stores and butcher shops have been distributed from the campaign headquarters, Room 407, Federal Building.

CONVICTED PACKERS WILL BE SENT TO JAIL

U. S. Attorneys Promise to
Ask Drastic Penalties.

CHICAGO, Sept. 17.—Grand Jury investigation of the "Big Five" packers, Swift & Co., Armour & Co., Wilson & Co., Morris & Co. and the Cudahy Packing Company, to determine whether these companies have violated the Sherman anti-trust act, was begun to-day, with J. M. Chaplin, head of the auditing department of Swift & Co., as the first witness. Attorneys for the Government, who have in their possession three trunks filled with documentary evidence, asserted that if conviction were obtained jail sentences would be asked for the big packers.

Scores of subpoenas for individuals connected with or having knowledge of the operation of the "Big Five" have been summoned to testify, but to-day only five men appeared in the anteroom of the jury's quarters.

Special Prosecutor Kresel, at the conclusion of the Grand Jury sittings to-day, made a statement that the big packers hold interlocking interests in controlling the rendering business.

LUSK INQUIRY TO CONTINUE.

Committee Will Hold Hearing Here Next Week.

Special Dispatch to The Sun.

ALBANY, Sept. 17.—Legislative leaders, Attorney-General Charles D. Newton, counsel for the Bolshevik investigating committee and Senator Clayton R. Lusk, its chairman, conferred to-day with Gov. Smith and there was much interest in what took place.

All that could be learned, however, was that it was agreed to have the Lusk committee continue its investigations and the next hearing will take place in New York city next week. Early in October the committee will have hearings in up-State cities where Bolshevikism has been in evidence.

Included in the conference to-day were Senator J. Henry Walters, Republican leader of the Senate; Speaker Thaddeus C. Sweet of the Assembly and Senator John J. Boylan, who is expected to be the new Democratic leader of the Senate, succeeding Senator James A. Foley, who will resign in a few days so that his successor can be elected in November instead of requiring a special election.

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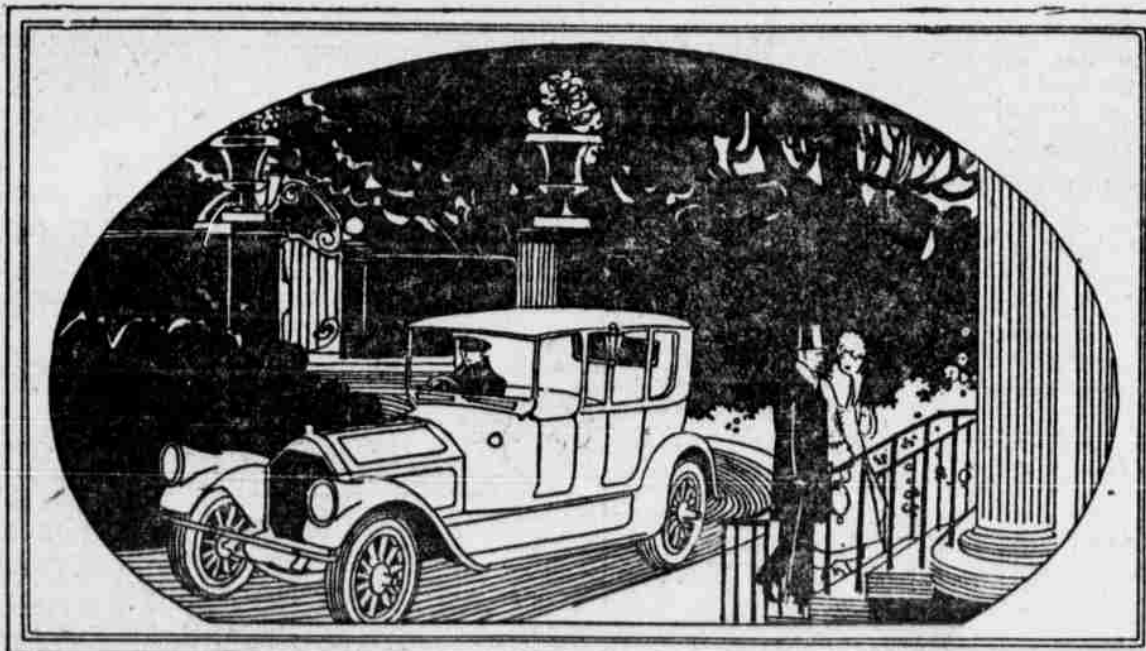
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